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CURRENT INTELLIGENCE DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

DIA, USAF and DOS review(s) completed.

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THIS MATERIAL CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, USC, SECS. 793 AND 794, THE TRANSMISSION OR REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

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EASTERN EUROPE

2. Bulgarian agricultural production impaired by drought: The Bulgarian newspaper Narodna Mladezh published an editorial on 4 September drawing the attention of Bulgarian farmers to the great importance of insuring sufficient cattle fodder after "the prolonged drought which has had unfavorable repercussions on fodder production in our country." [redacted]

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Comment: The institution of water and power restrictions in Sofia during August indicated that Bulgaria was suffering from a particularly dry season. Numerous reports of drought conditions in Hungary, Rumania, and Yugoslavia were received during July and August.

3. Rumanians reported building anti-aircraft gun emplacements around Bucharest: A report from Rumania states that 20 reinforced concrete anti-aircraft gun emplacements are under construction around Bucharest, including one at Chitila and one at Rosu, two

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suburbs just northwest and west of the Rumanian capital.

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In commenting on this report, the American Military Attaché in Bucharest states that he has just discovered an anti-aircraft battery near Mogosoaia and believes there is one in Chitila, but he has not observed a position at Rosu.

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Comment: Travel restrictions have limited Western observation of similar emplacements around other potential targets such as Ploesti and Stalin (Brasov). Rumania is currently estimated to have 470 medium and at least 300 light anti-aircraft guns.

Construction of permanent anti-aircraft gun emplacements has been observed around Warsaw, Prague, and Budapest during the past year.

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5. Yugoslav economic council grants further aid to cooperatives:
The Yugoslav economic council has announced an additional long-term credit of \$12,300,000 for capital improvements in agricultural cooperatives, with no provision made for the private sector. The

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Yugoslav Government has now granted \$33,000,000 in aid to agriculture in recent months, thus demonstrating its interest in increasing productivity. [redacted]

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Comment: The renewed interest in agriculture coincides with a retrenchment in investment in heavy industry. The second serious drought in the last three years has again weakened the Yugoslav economic position, particularly with respect to balance of payments, since the government counts on agricultural exports to finance much of their imports. Furthermore, directing the aid to the socialized sector of agriculture substitutes indirect pressure on the peasants to join cooperatives for recently removed direct pressures such as forced delivery of grains.

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FAR EAST

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6. Independent press believed threatened in Japan: The Nippon Times reported on 5 September that the three largest Japanese newspapers, the Asahi, Mainichi, and Yomiuri, will withdraw their membership from the Kyodo News Agency on 1 October. The three newspapers underwrite 31 percent of the monthly maintenance cost of Kyodo. The managing editor of Asahi stated that the move was taken "for financial reasons."

[redacted]

Comment: The withdrawal of support by the "Big Three," which supply Kyodo with most of its news, will leave the competing government radio station and provincial press without adequate news coverage. Since the Japanese provincial press cannot fully support Kyodo, this move may result in further government support for the news service, or its impairment or collapse. Either development, in the opinion of the US Embassy in Tokyo, will be "a blow to the major occupation reform aimed at decentralizing control of Japan's highly centralized press and giving Japan a free, independent news service . . ."

7. "Judicial reform" is extending throughout China: The "judicial reform" movement in Communist China appears to be developing into a nationwide effort. An unpublished report by the Minister of Justice allegedly states that 22 percent of 38,000 judicial cadres in the country are retained Nationalist personnel and that most of them are ideologically unsound. The report is said to call for a purge of the unfit.

[redacted]

Comment: The "judicial reform" movement, launched in Peiping in late August, was described as a "thought-reform movement for opposing old legal conceptions." Peiping's commentary at the time showed clearly that the function of its judiciary, following Soviet practice, is to act as an instrument of Chinese Communist Party policies.

8. Peiping expands informer network in government: The Peiping regime has found that the "people's supervision" committees, set up in each government organ to check on its personnel, have failed to function satisfactorily. A Peiping directive of late August orders the committees to recruit "people's supervision correspondents" to investigate and

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report violation of laws, lack of discipline, graft, waste, bureaucratism and dereliction of duty. The committees are also to operate "people's denunciation reception rooms" and "people's opinion boxes." [redacted]

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Comment: Observers of Communist governments have consistently reported that officials below the top level are afraid to make decisions. Consulate comment adds that it is debatable whether the contributions of these new informers will counterbalance the paralyzing effect of such a system upon government officials.

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9. American power plant in Shanghai largely restored: [redacted]

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[redacted] reported that its Communist operators increased the output from 20,000 kilowatts in February 1950 to 150,000 kilowatts in 1952. The plant is now using 13 of its 14 generators. [redacted]

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Comment: Most of Shanghai's public power is supplied by the Shanghai Power Company, which had a capacity of 184,000 kilowatts in 1948 when most of its steam generating equipment burned fuel oil. With coal much more plentiful to the Communists, as many units as possible were converted to coal, but several which could not easily be converted are believed to be idle. Press reports from Shanghai indicate that a serious power shortage developed in 1951 because of rising industrial activity. By staggering work shifts and reducing private consumption, the authorities were able to raise the industrial supply which is now probably near the 1948 level of 59,000,000 kilowatt-hours a month.

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11. Petroleum shortage reportedly eased in Manchuria: A Peiping news broadcast stated that there are now sufficient stocks of gasoline and kerosene in Manchuria for civilian use. The price of gasoline has dropped 25 percent and all motor vehicles and boats which have been burning charcoal are being reconverted to use gasoline. Peasants are gradually shifting to the use of kerosene rather than vegetable oil for illumination, and a greater distribution of kerosene lamps is planned. According to Peiping, the rapid development of the petroleum industry in Manchuria has improved the supply of these items.

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Comment: The Communists have probably restored a considerable portion of the war-damaged oil industry in Manchuria. The largest plant in Manchuria is the one at Fushun which processes oil-bearing shale. This plant was built by the Japanese to process 300,000 tons of crude oil annually, but its estimated output in 1950 was only 30,000 to 40,000 tons.

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13. Communist campaign to gain control of Thai press reported: [redacted] the Communists, with the connivance of the Soviet Legation, are currently engaged in a concerted campaign to gain control of the Thai-language press in Bangkok. Communist tactics in this campaign include outright subsidizing of some papers and appointment of leading journalists to a "united front" committee organized to oppose the government's unpopular press censorship policies. [redacted]

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25X1 [redacted] The Chinese-language press in Thailand is already dominated by, or oriented toward, the Communists.

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14. Thai representative may not be allowed to attend Peiping peace conference: The American Embassy in Bangkok reports that Police Director General Phao has decided that the Thai delegates to the forthcoming Asian Peace Conference in Peiping will not be issued passports.

The Embassy believes that Communist criticism of the government's refusal to issue passports will have less effect on the public than would the glowing reports about Communist China which the returning delegates would undoubtedly bring back with them. The Embassy doubts, however, that mere refusal to grant passports will prevent the delegation from going to the conference. [redacted].

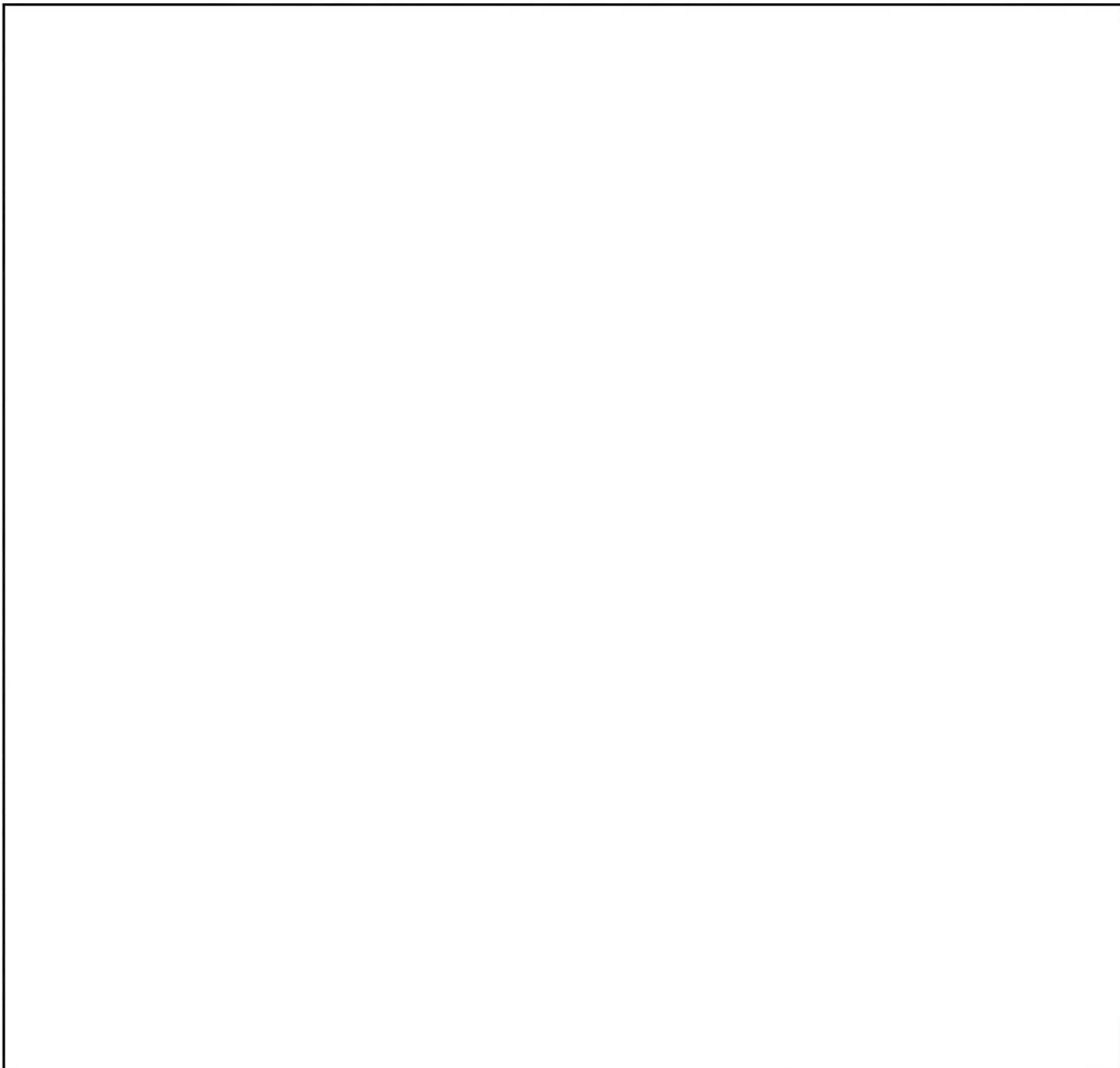
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25X1 Comment: The peace conference delegation includes a Buddhist monk, supporters of former Premier Pridi, and other pro-Communists.

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18. Burmese notables attend Viet Minh celebration: The Viet Minh celebration of "independence" in Rangoon was attended by about 100 persons. The only foreign representatives were those of the USSR, Communist China, Czechoslovakia,

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Indonesia and India. The Burmese Government was represented by a number of high officials including the Defense Minister, the Attorney General, the Chief Justice and the Minister of Commerce. [redacted]

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Comment: The Burmese Defense Minister's appearance at this function stands in contrast to his bold anti-Communist statements, including an attack upon the Viet Minh as being subservient to the USSR.

19. Burmese intend to execute Communist leader: A Burmese Government spokesman announced in parliament that Bo Aye Pe, a Communist insurgent leader, would be given a military trial and executed. The American Embassy in Rangoon comments that this case has been a "propaganda symbol" for overt Communists to attack the government, and that his execution will probably make Bo Aye Pe a local Communist martyr. [redacted]

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Comment: If the government follows through with its threat, Bo Aye Pe will become the first Communist to be executed in Burma following a formal trial.

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WESTERN EUROPE

21. Austria offers to negotiate trade pact with USSR: American officials who called at the Austrian Foreign Ministry on 5 September to renew American objections to Austro-Soviet trade negotiations were informed that Foreign Minister Gruber had already directed delivery of a note proposing such negotiations. In Gruber's absence, his subordinates reiterated that Austria's "precarious economic position" and strong Soviet propaganda had made the move necessary.

The American Embassy states that Austrian industrialists were "apparently responsible" for the overtures. [redacted]

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Comment: There is little evidence to support Gruber's previous contentions that Soviet trade propaganda has had any great effect in Austria. Although what the Austrians expect to gain from these talks is uncertain, Soviet standing in Austria would be improved by Soviet concessions in the form of specific orders to Austrian manufacturers or the regularization of exports of the Soviet Enterprises in Austria.

Since industrial leaders are contributors both to the People's Party to which Gruber belongs and to the Union of Independents with which he has "connections," their influence in the Foreign Ministry is correspondingly strong.

22. Smaller countries in North Atlantic Council offer views on German problem: During an informal discussion of Germany in the North Atlantic Council, representatives of the smaller NATO countries suggested that the Western reply to the Soviet note of 23 August on Germany should keep the door open for further negotiations and that the agenda for four-power talks might include subjects in addition to that of an investigating commission.

The spokesmen agreed, however, that the United States, Britain, and France retained primary responsibility for Western policy towards Germany, and indicated general approval of the replies to previous Soviet notes. The smaller countries hoped that their being consulted would be a turning point in the role of the North Atlantic Council. [redacted]

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LATIN AMERICA

23. Ibanez' program for Chile implies unfriendly attitude toward the US: The program of Carlos Ibanez, according to his campaign manager, includes the resumption of diplomatic relations with the USSR and certain Satellites, abrogation of the US-Chilean military assistance pact, "anti-imperialism," and the gradual nationalization of mines.

The American Embassy comments that this announcement implies an unfriendly attitude toward the United States, although Ibanez poses as a friend and knows that Chile is economically dependent on the United States. The denunciation of the military pact may have been part of the price of "unproven but undoubtedly aid by Argentine President Peron." [redacted]

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Comment: Ibanez previously stated his opposition to bilateral military pacts and his advocacy of a more neutral position in international affairs. If he is selected by Congress, as anticipated, he is unlikely to encourage a friendly policy toward the United States prior to the elections next March when his followers hope to gain control of Congress.

24. Colombian police apparently condone anti-Liberal rioting in Bogota: Colombian police on 6 September stood by and watched a small mob of Conservatives gut the Liberal Party's National Headquarters and the offices of the leading Liberal newspaper. The mob also attacked the offices of the second-ranking Liberal newspaper and set fire to the residences of two national Liberal leaders.

The American Embassy in Bogota comments that the mob was determined but not unruly, and that the police could have stopped the incidents at any time. The army had brought the situation under control by early evening. [redacted]

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Comment: The 6 September rioting in Bogota brings the explosive Liberal-Conservative antagonism one step closer to open civil war. An army coup with either tacit or open support from the dissident wing of the Conservative Party is becoming more likely as the civil disorders become more pronounced.

25. Cuban Army given complete jurisdiction over National Police Corps in provinces: A recent Cuban decree places members

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of the National Police Corps serving in the interior completely under the control of the army. The US Army Attaché in Havana notes that formerly National Police Corps members in a province were under the operational control of the army regimental commander of that province, although administratively their assignments and promotions were controlled by the Chief of the National Police.

Comment: The placing of the provincial police corps completely under military jurisdiction may help to reduce the graft and favoritism which have reportedly existed to an alarming degree in the National Police. Moreover, the move, by enabling the Army General Staff to shift personnel and keep in command officers of unquestioned loyalty to Batista, will serve to make the government's forces more effective and more responsive to the President's command in countering any armed attack against his regime.

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